

## Message Text

UNCLASSIFIED

PAGE 01 ROME 01575 041616Z

46

ACTION EUR-25

INFO OCT-01 ISO-00 SAJ-01 SAM-01 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

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R 041530Z FEB 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC 3069

INFO AMCONSUL FLORENCE

AMCONSUL GENOA

AMCONSUL MILAN

AMCONSUL NAPLES

AMCONSUL PALERMO

AMCONSUL TRIESTE

AMCONSUL TURIN

USMISSION OECD PARIS

USMISSION TO EC BRUSSELS

UNCLAS ROME 1575

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: RUMOR, LEONE, PETRILLI SPEAK ON OCCASION OF IRI'S

40TH BIRTHDAY

1. /SUMMARY/: 40TH ANNIVERSARY OF ISTITUTO PER LA  
RICOSTRUZIONE INDUSTRIALE (IRI), WHICH DESCRIBED AS LARGEST  
STATEPARTICIPATION INDUSTRIAL COMPLEX IN EUROPE WITH ONEHALF  
MILLION EMPLOYEES WORKING IN 150 FIRMS WITH ANNUAL SALES OF  
5,000 BILLION LIRE, WAS CELEBRATED RECENTLY IN ROME WITH HIGH  
LEVEL ECONOMIC AND POLITICAL LEADERS PRESENT. MEETING INCLUDED  
SPEECHES BY IRI PRESIDENT PETRILLI, PRIME MINISTER RUMOR,  
AND PRESIDENT LEONE. SUMMARY OF SPEECHES FOLLOWS:

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PAGE 02 ROME 01575 041616Z

/END SUMMARY/

2. /PETRILLI/: PETRILLI RECALLED HISTORY OF "IRI FORMULA" INVOLVING MELDING OF PRIVATE SAVINGS WITH ECONOMIC OBJECTIVES OF NATIONAL GOVERNMENT, BUT STATED THAT LIMITS EXIST TO SUCH AN INVESTMENT FORMULA. IRI CANNOT EXIST AS AN "ISLAND OF PROSPERITY" WITHIN A CONTEXT OF GENERAL ECONOMIC RECESSION, NOR CAN IRI FUNCTION WITHOUT TAKING INTO ACCOUNT NATIONAL ECONOMIC CLIMATE WHICH INEVITABLY MUST CONDITION IRI INVESTMENT POLICIES. HE CITED GENERIC RELATIONSHIP BETWEEN IRI POLICIES AND MARKET ECONOMY WHICH EXISTS IN ITALY TODAY. PETRILLI EMPHASIZED NEED FOR EVOLUTION OF ECONOMIC SITUATION, IN WHICH BOTH IRI AND PRIVATE SECTOR FIRMS OPERATE, AND REITERATED FACT THAT IRI POLICIES HAVE, AND WILL CONTINUE TO BE, CONDITIONED BY GENERAL ECONOMIC CLIMATE.

3. /RUMOR/: PREMIER RUMOR EMPHASIZED PROBLEMS FACING ITALY IN ECONOMIC FIELD AND CITED NEED TO REDRESS LONG-STANDING REGIONAL, SECTORIAL, AND SOCIAL IMBALANCES. HE CALLED FOR REFORM AND RATIONALIZATION OF INSTITUTIONS AND NEED TO EMPLOY PRODUCTIVELY NATIONAL RESOURCES IN CONTEXT OF REALISTIC AND WELL-DEFINED ECONOMIC PROGRAM. RUMOR STATED THAT LONG-STANDING PROBLEMS FACING ITALY WILL REQUIRE NEW APPROACHES NOT ONLY IN ECONOMIC FIELD, BUT ALSO IN SOCIAL AND POLITICAL FIELDS. IN THIS REGARD, HE STATED THAT NATIONAL REGIONAL DEVELOPMENT AND LABOR UNION ACTIVISM MUST PROCEED IN LINE WITH INCREASING PROCESS OF "EUROPEANIZATION" OF ITALIAN ECONOMIC SYSTEM. WITHOUT THIS DUAL APPROACH, NATION RUNS RISK OF BECOMING AN UNPRODUCTIVE AUTARCHY AND BEING LEFT ON MARGINS OF EUROPEAN REALITY WHOSE EXISTENCE IS ESSENTIAL TO ITALY'S FUTURE. RUMOR STATED THAT PRESENT ENERGY CRISIS WEIGHS HEAVILY UPON ITALY'S FUTURE DEVELOPMENT AND IMPOSES UPON PRODUCTIVE SYSTEM ALTERNATIVE OF OPERATING WITHIN CAREFULLY CHOSEN POLITICAL AND SOCIAL NORMS, OR OF REACTING IN INCOORDINATED WAY, WITH RISK OF LOSING SIGHT OF NATIONAL OBJECTIVES. FOR THIS REASON, GOVERNMENT INSISTS MORE THAN EVER ON INCLUSION OF /MEZZOGIORNO/ IN INVESTMENT PLANS OF PUBLIC AND PRIVATE SECTOR IN ORDER TO ENCOURAGE INDUSTRIAL DEVELOPMENT IN ITALY'S SOUTH. CITING PROBLEMS FACING ITALY IN MONETARY FIELD, RISING PRICES FOR OIL AND FOR RAW MATERIALS AND EFFECTS THEREOF ON ITALIAN ECONOMIC SYSTEM, RUMOR STATED THAT ITALY'S BALANCE OF PAYMENTS IS

UNCLASSIFIED

PAGE 03 ROME 01575 041616Z

SUFFERING DANGEROUS IMBALANCE WHICH PLACES ENTIRE ECONOMIC SYSTEM UNDER TENSION. RUMOR CITED FIRST OBLIGATION OF GOVERNMENT TO BE "FRANK WITH THE COUNTRY" IN VIEW OF DIFFICULT PROBLEMS, ADDING THAT GOVERNMENT NOW ENGAGED IN DETERMINING WHAT CONCRETE ACTION MUST BE TAKEN IN ORDER TO SOLVE THESE PROBLEMS BOTH FROM POINT OF VIEW OF CONTROLLING INFLATION BUT ALSO IN MORE GENERAL TERMS OF REINFORCING AND GUIDING INDUSTRY AND LABOR INITIATIVES. ITALY'S FUTURE IS

NOT JUST DARK SHADOWS, RUMOR SAID, PROVIDED ITALIANS APPLY WILL AND COURAGE WHICH ARE NECESSARY TO OVERCOME SERIOUS CHALLENGES FACING THE NATION. RUMOR EMPHASIZED NEED OF IRI TO WORK IN HARMONY WITH OBJECTIVES OF PARLIAMENT AND OF GOVERNMENT AND TO ADOPT STRICT GUIDELINES FOR ECONOMIC POLICIES. GOVERNMENT ROLE IN ECONOMY, HE SAID, SHOULD NEVER BE REDUCED TO INDISCRIMINATE BAILING OUT OF FAILING FIRMS OR TO PROVIDING ASSISTANCE TO FIRMS WITHOUT PROVIDING GUIDANCE REGARDING ECONOMIC OBJECTIVE.

4. /LEONE/: PRESIDENT LEONE CONCLUDED SPEECHES WITH BRIEF EXPRESSION OF THANKS TO IRI AUTHORITIES, WHILE ACKNOWLEDGING IMPORTANT ROLE OF IRI IN ECONOMIC LIFE OF COUNTRY. REFERRING TO PREVIOUS COMMENTS OF RUMOR, LEONE CITED NEED FOR CONCERTED EFFORT BY ALL SECTORS OF SOCIETY TO OVERCOME SERIOUS PROBLEMS FACING COUNTRY. EVERYONE WILL HAVE TO CONTRIBUTE TO SOLVING PROBLEMS IN PROPORTION TO HIS ABILITY TO CONTRIBUTE.VOLPE

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